

MUNICIPAL BUDGET

DEFINITION OF A MUNICIPAL BUDGET

A municipal budget is generally a projection of future revenues and expenditure. A budget is used to control financial transactions and should also be used as a management and planning tool.

It is also a tool for implementing the service delivery objectives of the Municipality as set out in their Integrated Development Plan.

A Municipal budget also provides for greater transparency, accountability, flexibility and predictability within the municipality.

A Municipal budget is divided into Capital and Operating Budget:

a) A capital budget is an estimate of the expenses that will be incurred during that financial year to create future benefits, and the sources of finance from which these expenses will be funded. The municipality spends money either to buy fixed assets or to add to the value of an existing fixed assets with a useful life that extends beyond one year. Fixed assets include, inter alia, land and buildings, motor vehicles, furniture, computers, office equipment and machinery.

b) An operating budget is an estimate of the operating revenues which will accrue to the municipality through its normal service delivery and the expenditure that will be incurred through the day to day operations of the municipality over the financial year.

EXAMPLE: The purchase of a photocopier is a capital expenditure and is budgeted for under the capital budget, but the maintenance and other expense such as the paper and toner for the photocopier is budget for under the operating budget.

OBJECTIVE OF A MUNICIPAL BUDGET

The main objective of a municipal budget is to sensibly allocate expected resources to the municipality's service delivery goals or performance objectives identified as priorities in the approved IDP.

The municipal budget is a tool through which the total level of revenue and expenditure are adequately controlled, public resources are appropriately allocated among sectors and programs, and ensure that departments operate as efficiently as possible within the municipality.

1.3 EXECUTIVE SUMMARY BUDGET: 2014/2015 BUDGET YEAR

1.3.1 Key focus areas for the 2014/15 budget process

The *Medium Term Budget Policy Statement 2013* notes that the South African economy has expanded over the past years, the rate of growth has steadily declined from 2.5% of GDP in 2012 to 1.8% in 2013: it is however projected to increase by 2.7 per cent in 2014. By 2016 GDP growth is expected to reach 3.5 per cent. Inflation and nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently.

Specific interventions to achieve this include: accelerated public infrastructure development, new spatial plans for cities, improved public transport, upgrading of informal settlement, the implementation of steps to professionalise the public service, overhaul procurement and supply chain management, and broadening and strengthening of industrial development.

The proposed spending framework includes reducing the cost of living for poor households and the cost of doing business, support Small, Medium and Micro Enterprises, Entrepreneurs and business start-ups. The NDP has been implemented to create a framework to accelerate economic growth, eliminate poverty and reduce inequality.

The labour market has deteriorated. The official unemployment rate decreased by 0.4 per cent to 24.1 of the labour force in the fourth quarter of 2013 from 24.9 per cent according to the latest Quarterly Labour Force Survey.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2014/15 and *so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts*. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure *municipalities will have to identify inefficiencies and eliminate non-priority spending*.

MFMA Circular No. 70 and 72 address the National priority – Expanding public sector investment in infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority. The 2014/15 budget and MTREFs municipalities are urged to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme. In this regard the Expanded Public Works Programme Grant (EPWP) has been reconfigured in the 2013/14 financial year to be a schedule 6 grant. Municipalities are required to reflect the EPWP allocation in their budget because the gazetted amounts of the programme will flow directly into their primary bank accounts. Municipalities should budget for the grant in the same way as it budgets for all other schedule 6 conditional grants. Allocations are based on past performance on the EPWP, potential to create work using baseline allocations, need for employment creation in their area and an adjustment factor for rural municipalities. Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, remuneration increases associated with bargaining council decisions and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Expanded Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

Municipalities also play a critical role in creating an enabling environment for investments and other activities that lead to job creation. It is important for municipalities to pay particular attention to:

- Ensuring the timely delivery of their capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation; and
- Act as a catalyst for local economic development by appropriately structuring capital programmes to address backlog eradication, asset renewal and development of new infrastructure; this will require carefully formulating the funding mix of the capital programme to include grants, borrowing and own funding (internally generated funding).

Image of Local Government

The Local Government Budgets and Expenditure Review highlighted the burgeoning crisis in the declining credibility of local government. Public perception at this time, as measured through various monitors and surveys reflected high levels of disenchantment with service delivery and perceived corruption at municipalities. Recent gauges of public opinion, evident in the outcome of recent surveys on corruption and fraud in government and increases in service delivery protests countrywide, confirm that this negative perception of local government persists.

In the medium to long term, these perceptions will improve as service delivery improves. In the short term, municipalities must demonstrate sound leadership and put in place measures to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

1.3.2. Demographical Information

Phokwane Municipality is situated in the Northern Cape and lies within the boundaries of the Francis Baard District Municipality. The area of jurisdiction is made up by the following areas, Pampierstad, Hartswater, Jan Kempdorp, Ganspan Settlement and the Farming areas. The Geographical area is approximately 835km² in extent and a few important changes took place in the municipal area between 2001 and 2011 based on the Census information showing the current situation of the area. The local population of Phokwane Municipality was estimated to be 61 314 (Census 2001) and increase in the 2011 Census to 63 000. The increase in the population has led to the number of household increasing from 16 807 to 17 544 in 2011 Census which recorded an increase of 737 household.

Phokwane is a peri-urban area with serious socio-economic challenges such as unemployment ,high rate of poverty ,low skilled workforce and serious basic services infrastructure challenges such as roads, sewer network, housing and water services. The Municipality is bordered by two neighbouring Municipalities namely the Greater Taung Municipality with a very big population of about 204 000 (177 642), mainly dependant on Phokwane commercial centre for shopping and Magareng Local municipality with a population of about 24 204.

According to the 2011 Census, the labour market recorded 37.6% unemployment of the total workforce and thus showing 16.7% increase compared to 2001 data in the local area. Due to the high unemployment rate the Municipality currently have \pm 4,100 registered indigent households.

The direct impact of the unemployment rate is the poor payment percentage of services which affects the municipality's ability to continue delivering such services at an affordable rate. A major increase in the debtor payment percentage is needed to ensure that all budgeted revenue are collected. It is therefore imperative that strict Credit Control is enforced to ensure that the Municipality has the necessary resources for optimal service delivery.

1.3.3. Personnel

For the 2014/2015 budget, the total employee related costs amounted to R 48, 2 million or 22.03% of the operating budget of R 219, 1 million. Total councillors remuneration for the 2014/2015 final budget amounts to R 4.6 million or 2.11% of the total expenditure budget of R 219, 1 million. Provision is made for a number of vacant and new positions in the 2014/2015 final budget. A short summary of some of those positions are:

- Director ; corporate services and admin
- Risk Assessment Officer
- Senior Clerk/Researcher MPAC
- Committee Clerk

Provision is made for 6.79% increase in Councillor Allowances and for employee related cost throughout. The period of the salary and wage collective agreement 2011/12 to 2012/2013 had come to an end. In the absence other information from SALGBC municipalities are further guided by the MFMA circulars to provide for an increase of 5.79 + 1 per cent relating to salaries and wages for the 2014/15 budget. The operating budget depicts the following as far as Employee and councillors related cost is concern.

- | | |
|--|--------|
| ➤ Council Allowance as % of total operating budget: | 2,11% |
| ➤ Employees' Salaries and Allowance as % of total operating budget | 22.03% |

As in previous years, provision are made for pension fund contributions for all employees who are members of an accredited pension fund as well as who are members of a Medical Aid. Provisions are also made for contributions towards a Councillor Pension Fund.

1.3.4. Operational Final Budget 2014/2015 Financial Year

1.3.4.1. Community Consultative Meetings

The MFMA Budget Circular 58, 59, 66, 70, 71 and 72 of National Treasury provides guidance on the preparation of Municipal Budgets over The medium Term Revenue Expenditure Framework for 2014/2015 – 2016/2017.

A series of Community participation meetings has been convened during April and May 2014 where Community was briefed on the content of the final budget, proposed new tariffs as well as capital projects. Communities was also provided with the opportunity to make inputs, recommendations and to raise concerns. Some of the issues raised by the communities has been taken into consideration during the final budget which will be tabled before Council before 31 May 2014. Where issues could not be accommodated within the 2014/2015 budget, provision will be made in the 2015/2016 or 2016/2017 budget.

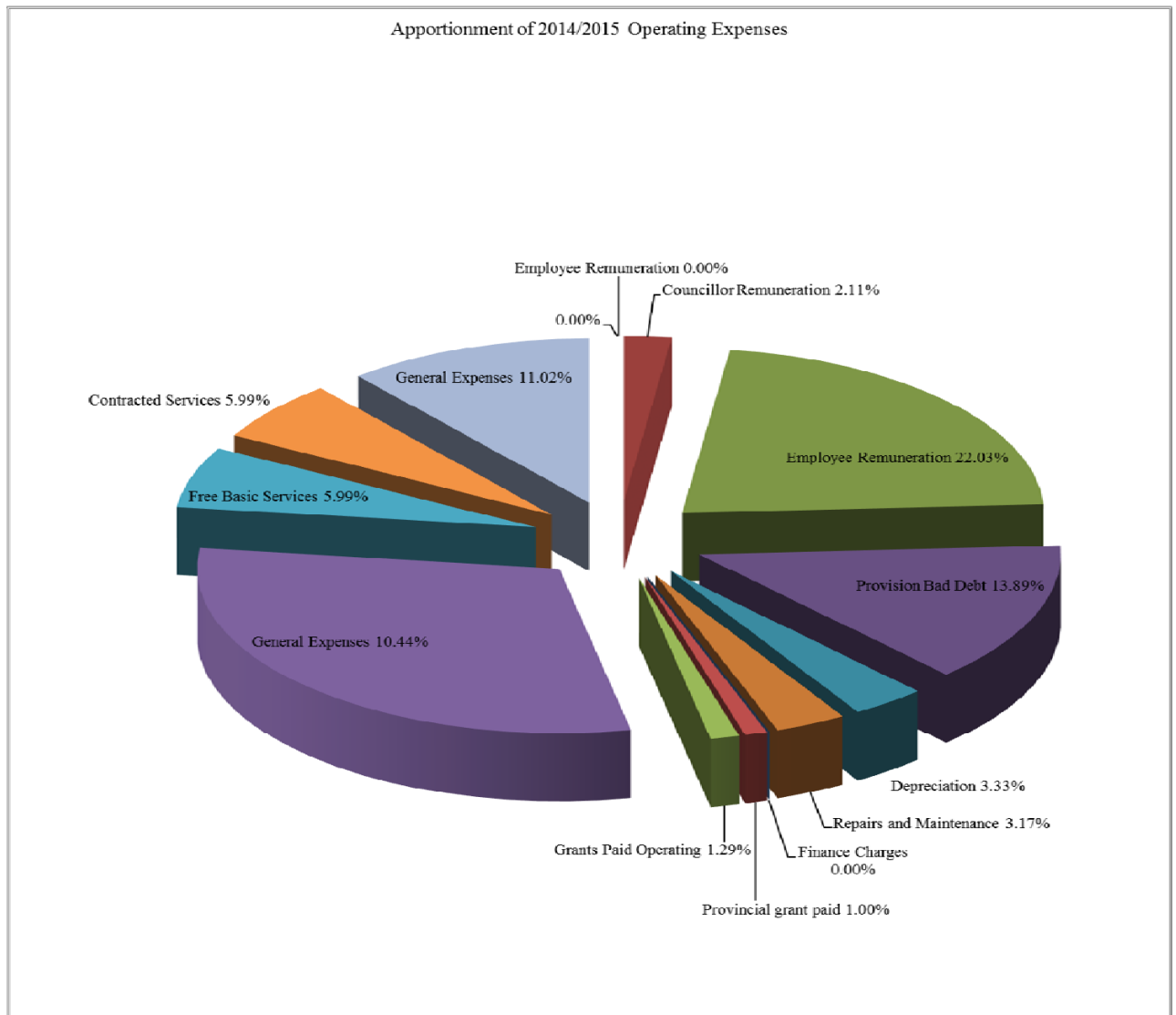
1.3.4.2. Summary of 2014/2015 Operating Expenditure

The approved operational budget for 2013/2014 amounted to R194, 262 million and the operating expenditure budget for 2014/2015 is being estimated at R219, 153 million thus representing an increase of 12.81% and the main reason for these increases are based on the following expenditure line items:

- 36.55% incline in provision for bad debts
- 8.24% incline in repairs and maintenance cost compared to the prior year.
- 20.24% increase in bulk purchases in the 2014/2015 budget year
- 13.42% increase in free basic services in the year 2014/2015 budget.

OPERATING EXPENSE PER TYPE	2014/2015	2013/2014	Variance %
Employee Remuneration	48,290,284	45,551,706	(6.01)
Councillor Remuneration	4,634,013	4,336,792	(6.85)
Provision Bad Debt	30,440,415	22,293,146	(36.55)
Depreciation	7,293,102	7,293,102	-
Repairs and Maintenance	6,937,396	6,409,378	(8.24)
Finance Charges	-	-	-
Provincial grant paid	2,189,000	1,987,000	(10.17)
Grants Paid Operating	2,834,000	2,740,000	(3.43)
Bulk Purchases	66,130,701	55,000,124	(20.24)
Free Basic Services	13,135,850	11,581,216	(13.42)
General Expenses	24,146,461	23,376,634	(3.29)
Contracted Services	13,122,114	13,692,506	4.17
Total	219,153,336	194,261,605	(12.81)

CHART: PERCENTAGE APPORTIONMENT OF 2014/2015 OPERATING EXPENSES



1.3.4.3 Summary of Final Budget 2014/2015 Operating Revenue

The final operational revenue budget for 2014/2015 amounts to R201, 287 million when compared to the R172, 352 million of the 2013/2014 approved budget. This is representing an increase in the total anticipated revenue of about 16.79%. The following has a material effect on the anticipated revenue budget and can be seen as the key drivers for operating revenue:

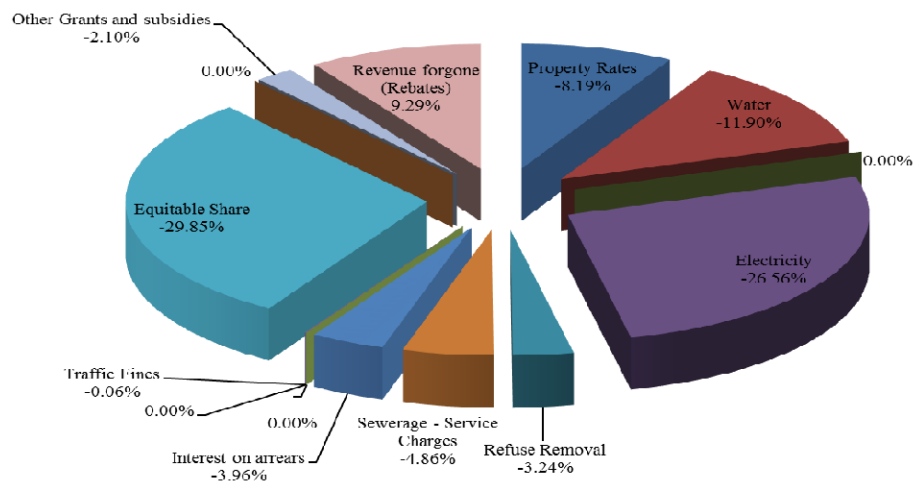
- 21.29% income Increase for water as compared to the previous year.
- 80.38% income Increase for electricity as compared to the previous year.
- 19.85% Increase: Sewerage as compared to the previous year.
- 25.26% increase :Refuse as compared to the previous year

- 6.41% increase in equitable Share Allocation from R67,054,000 (2013/2014) to R71 353 000 (2014/2015),
- 87.18% increase: Property Rates as compared to the previous year:
- 7.39 % Increase in Electricity Tariffs compared to 7% increase in previous year
 1. First 6 kl of water will be free for Indigent Households. 6% increase in water tariffs which in accordance the DWA Consumers are encourage to use water conservative.
 2. Property rates decrease by 20% after having taken into account rebates.

OPERATING REVENUE BY SOURCE	2014/2015	2013/2014	Variance %
Property Rates	-19,567,871	-10,454,105	87.18
Water	-28,456,883	-23,461,096	21.29
Electricity	-63,504,155	-35,206,306	80.38
Refuse Removal	-7,734,016	-6,174,359	25.26
Sewerage - Service Charges	-11,622,642	-9,697,524	19.85
Interest on arrears	-9,456,963	-8,643,919	9.41
Traffic Fines	-133,286	-111,740	19.28
Equitable Share	-71,353,000	-67,054,000	6.41
Other Grants and subsidies	-5,023,000	-4,727,000	6.26
Other Income	-6,650,160	-6,822,201	-2.52
Revenue forgone (Rebates)	22,214,566	-	
Total	-201,287,412	-172,352,250	16.79

APPORTIONMENT OF 2014/2015 OPERATING REVENUE

APPORTIONMENT OF 2014/2015 OPERATING REVENUE



1.3.4.4 FREE BASIC SERVICES

Provision is made in the 2014/2015 budget for the free basic services to an amount R13 135 851 that consist of The following.

	Household	Amount
Water : 6 kilolitre per month:	4100	1,788,015
Electricity : 50 kWh per month	4100	4,193,216
Sewerage : free basic sanitation per month	4100	4,614,588
Refuse removal: free refuse removal per month	4100	2,540,032
Total		13,135,851

2.1 Capital Budget

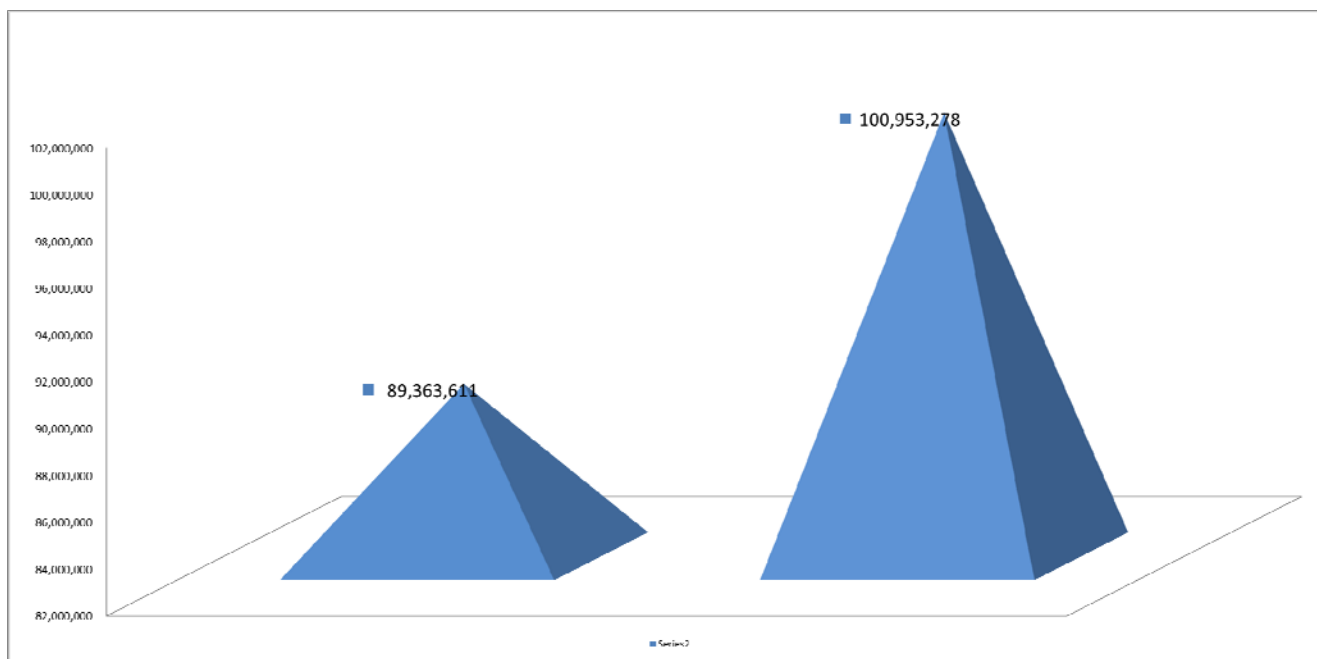
The approved capital budget for 2013/2014 amounted to R 89, 364 million. The proposed final capital budget for 2014/2015 amounts to R 100, 953 million .The proposed capital projects are as follows:

1.3.5.

Capital Budget 2014/2015

		Project Amount	Funding Source	BENEFICIARIES
1	Bulk Water Supply including sakhile:1450 stands-Phase 1	403,765	MIG	Sakhile
2	Bulk Water Supply including sakhile:1450 stands-Phase 2	10,527,781	MIG	Sakhile
3	Refurbishment of internal water in Pampierstad	20,000,000	DWA	Pampierstad
4	Installation of Sewer Pumpstation at Hospital view and Conroy street	500,000	internal	Hartswater
5	Masakeng:Construction of Roads and Stormwater-Phase 1	8,904,454	MIG	Pampierstad
6	Hartswater Construction of 2.8km road in Thagadiipelajang and Bonita Park Access road LIC-	3,264,000	Public Works	Thagadiipelajang
7	Pampierstad: Stormwater Channel-Phase 3	5,000,000	MIG	Pampierstad
8	Replacement of collapsed bulk sewer gravity line	1,300,000	FBDM	Valspan
9	Resealing of Korhan-Single Reservoir	800,000	FBDM	Water
10	Upgrading of the Chlorination System in Jan Kempdorp WWTW and Hartswater WWTW	500,000	FBDM	Sewerage
11	Resealing of Raw Water Storage Dam	800,000	FBDM	Water
12	Master Plan: Roads infrastructure and Roads Maintance plan	1,200,000	FBDM	Phokwane
13	Bulk Infrastructure master Plan:Water and waster water	400,000	FBDM	Phokwane
14	Jan Kempdorp 28 sites water connection	420,000	Internal Funding	Water
15	Jan Kempdorp erf 609, 15 sites water connections	225,000	Internal Funding	Water
16	Pampierstad Industrial 21 sites water connection	315,000	Internal Funding	Water
17	Construction of Masakeng 1148 sewer reticulation network	30,046,128	COGHSTA	Sewerage
18	Andalusia Extension 12 sites sewer connection	120,000	COGHSTA	Sewerage
19	Hartswater and Pampierstad Stormwater Channel LIC-projects phase (1; 2 & 3)	6,000,000	Public Works	Roads and stormwater
20	Tar Pump	12,000	Internal Funding	Roads and stormwater
21	Erect Toilets x4	90,000	Internal Funding	Phokwane
22	Compressor	15,000	Internal Funding	Fleet
23	Electrification of 12 sites Andalusia Park Ext	144,000	Internal Funding	Electricity
24	Cable -Altek Flat	500,000	Internal Funding	Hartswater
25	Reservoir starter box	80,000	Internal Funding	Hartswater
26	Meter Testing equipments	150,000	Internal Funding	Hartswater

27	Acquisition of new vehicles	FLEET	5,690,000	Internal Funding	See NOTE: FLEET Below
28	Transformer - JKD	Electricity	140,000	Internal Funding	Jan Kempdorp
29	CAT Detector	Electricity	21,000	Internal Funding	Jan Kempdorp
30	Steel Poles for Streetlights	Electricity	28,000	Internal Funding	Jan Kempdorp
31	Bakkie	ELECTRICITY	150,000	Internal Funding	Jan Kempdorp
32	Transformer	Electricity	140,000	Internal Funding	Jan Kempdorp
33	Prepaid Meters	Electricity	96,000	Internal Funding	Jan Kempdorp
34	Conventional Meters	Electricity	43,000	Internal Funding	Jan Kempdorp
35	Breatherlyzer	Traffic	10,000	Internal Funding	Hartswater
36	Microsoft volume licence	IT	300,000	Internal Funding	Phokwane
37	Prepaid system licence	IT	130,000	Internal Funding	Phokwane
38	50 user anti - virus licence	IT	15,000	Internal Funding	Phokwane
39	Digital Camera	Municipal Manager	1,500	Internal Funding	Municipal Manager
40	Performance Management System	Municipal Manager	586,000	Internal Funding	Municipal Manager
41	PA System	IDP	30,000	Internal Funding	Planning and Operations
42	Printer	Budget Office	5,000	Internal Funding	Budget Office
43	Nissan NP 200 bakkie	REVENUE DEPARTMENT	162,150	Internal Funding	Revenue Dept
44	Nissan NP 200 bakkie canopy	REVENUE DEPARTMENT	14,500	Internal Funding	Revenue Dept
45	Vehicle	WATER AND SANITATION	170,000	Internal Funding	Hartswater
46	High Pressure Pumps x2	Water	60,000	Internal Funding	Hartswater
47	Telemetry system	Water	400,000	Internal Funding	Phokwane
48	Fire extinguishers	Corp	41,000	Internal Funding	Phokwane Buildings
49	fencing of community halls and traffic dept	Planning and Operations	990,000	Internal Funding	Phokwane
50	cemetery toilets	Planning and Operations	10,000	Internal Funding	Hartswater
51	Chainsaw - JKD Unit	Planning and Operations	3,000		Planning and Operations
	Total		100,953,278		
	Total Internal funding		11,687,150		
	Total FBDM		5,000,000		
	Total Grant funding		44,836,000		
	Total Public Works funding		9,264,000		
	Total COGHSTA funding		30,166,128		
			100,953,278		
	NOTE: FLEET				
	Electrical	Bakkie		230,000.00	Hartswater
	Traffic	Motor Vehicle		220,000.00	Hartswater Traffic
	Traffic	Motor Vehicle		230,000.00	Jan Kempdorp
	Planning and operation	Bakkie		230,000.00	Pampierstad
	Planning and operation	Bakkie		230,000.00	Jan Kempdorp
	Planning and operation	Grader		2,000,000.00	Hartwater
	Planning and operation	TLB		1,000,000.00	Jan Kempdorp
	Planning and operation	Tractor		250,000.00	Jan Kempdorp
	Planning and operation	Tractor		250,000.00	Pampierstad
	Planning and operation	Tractor		250,000.00	Hartswater
	Planning and operation	Tipper		800,000.00	Jan Kempdorp



3. IDP

DEVELOPMENT OF THE IDP: PUBLIC PARTICIPATION

3.1 Purpose of community participation

Community participation is central to the effective and efficient developmental local government and the development of the IDP document. Certain pieces of legislation make community participation obligatory in matters related to the affairs of the municipality.

The municipality has been employing a range of mechanisms to communicate and involve its residents, with varying levels of success. Though some structures for community participation are open to all members of the community for the purpose of better- structured coordination it is important to ensure formal representation of the community.

The municipality's intention is to strengthen community participation processes as its contribution to enhancing democracy and contributing to the implementation of relevant policy and legislation highlighted above thus making its objectives a reality.

3.2 Objectives of Community Participation

This Community Participation Plan intends to address the following objectives:

- i. That there is a conducive environment for community participation in the affairs of the municipality and ensures structured participation.
- ii. That the community remains informed about matters related to the municipality.
- iii. That communication processes must be clear and known to all members.
- iv. To ensure reciprocal communication between the municipality and the community.
- v. Wherever possible, communication must be purposeful and timely, particularly in relation to consultation and decision making in general, relevant information will be available on an transparent manner, and only in exceptional cases (e.g. to preserve confidentiality), information is not to be made available.
- vi. To ensure that effective communication is increased depending on information systems which must be easy to use, accessible, robust and reliable.

3.3 IDP Process

3.3.1 Formulation process

The formulation process comprises various activities / action steps that are needed at a given time within the IDP process. The IDP Formulation Process itself is furthermore designed around 6 phases which is described below and illustrated overleaf:

3.3.2 Phase 1: Preparatory

The preparatory phase entails the compilation of a process plan and the establishment of various participatory and administrative mechanisms.

3.3.2.1 IDP Process Plan

According to the Municipal Systems Act, No 32 of 2000, the process plan needs to be aligned with the Framework Plan of District Municipalities. The Process Plan of Phokwane Local Municipality was compiled by taking into consideration the Framework Plan of the District. In order to ensure the effective and productive formulation and implementation of the IDP process, a process plan which functions as a management tool to assist with the day to day management of the processes was compiled and approved by Phokwane Municipal Council on 14 August 2014. The IDP Process as proposed in the Process Plan was followed and is part of the annexures. Some deviations did occur, particularly in terms of keeping to the time frames, in some instances the dates were changed because meetings could not sit due to the unfavourable weather conditions and numerous other commitments were also expected of municipal officials and councillors.

PLANNING PHASES	DEADLINE
Preparation	August 2013
Analysis	August 2013
Strategy	October 2013
Project identification/planning/costing	February 2014
Drafting	March 2014
Approval	May 2014

3.3.3 Phase 2: Analysis

3.3.3.1 Documentary research and Information Gathering

The analysis phase comprises of the gathering of relevant data that needs to inform the decision-making process and enables participants to identify priority issues. The following documents were consulted to inform this phase of the IDP formulation process:

- Census 2001 and 2012
- Organogram of Phokwane Local Municipality
- Budget of Phokwane Municipality
- Previous IDP documents
- Municipal Systems Act
- Municipal Structures Act

Information was gathered through:

- Ward Councillors and Ward Consultative meetings
- Community Development Workers (CDW)
- Officials of Phokwane Municipality
- IDP Representative Forum Meetings.

The information collected during the analysis phase was used to sketch the background to the municipal area and to identify ward priorities. The latter was used to inform the next phase of the IDP process.

3.3.4 Phase 3: Strategies

The strategies phase entails the formulation of a Vision and Development Objectives, Strategies and Projects for each priority issues. It was decided to group some of the priority issues because of their similarity. The following groupings were used: Institutional, Socio-economic, spatial, infrastructure and local economic development. For each of these a set of objectives, strategies and projects were developed.

3.3.5 Phase 4: Integration

The integration phase deals with the refinement of the project proposals developed in the previous phase. The proposed projects were compared with the vision of the municipality while the institutional capacity of the municipality to implement these projects as well as the utilisation of resources were assessed to determine the influence of these projects on the current capacity of the organisation. This resulted in a set of integrated projects which constituted the integrated implementation programme of the municipality.

3.3.6 Phase 5: Approval

The approval phase comprises the following steps:

- The compilation of the Draft IDP
- The invitation of public comment for a 21-day period
- The alignment with District municipality
- The alignment with national and provincial government
- The review of the comments received,
- Final approval by council
- Submission to MEC COGHSTA.

3.4 IDP/Budget Consultative Structures

Council has decided that the Director Planning and Operations would be tasked as manager during the preparation phase of the process and the implementation phase thereafter.

3.4.1 IDP/Budget Steering Committee

The Steering Committee is a technical working team consisting of Departmental Heads within the municipality. These individuals would be involved in preparing technical reports and formulation of recommendations and to prepare certain documents.

This committee would be chaired by the Mayor, and in his absence Municipal Manager. The following officials will serve in the steering committee:

- Municipal Manager
- Director Corporate Services
- Director Planning and Operations
- Director Finance
- Director Infrastructure Services and Human Settlements
- Manager Jan Kempdorp/Ganspan Unit
- Manager Hartswater/Pampierstad Unit

Political Office Bearers

- Mayor
- Speaker
- Chairperson's of Sub-Committee

RESPONSIBILITIES OF IDP STEERING COMMITTEE

- Assess the implementation of the IDP
- Report to Council on the implementation on a quarterly basis
- Follow-up on departments commitments
- Solicit funding from government departments and agencies
- Conduct bilateral with sector department on current and future needs
- Meet by- monthly to assess IDP
- Consolidate stakeholders inputs

3.4.2 IDP/Budget Representative Forum

To give way to formal representation of the community in the process of compiling and reviewing the Integrated Development Plan, an IDP Representative Forum is established. These meetings are taking place quarterly. The latter forum will compromise of ward councillors, some ward committee members, community based Organisations, Non-Governmental organisations (NGO), business sectors, youth organisations, agricultural sectors, women organisations and assigned officials of the municipal council. Representation on the Forum will be done by respective structures by means of nomination on an annual basis.

3.4.4 IDP/Budget Ward Consultative Meetings

With regards to promoting community participation it was in the view of the municipality to conduct ward consultative meetings for the development of the IDP. This was as a result of the municipal area is extensive in size the municipality decided to have IDP/Budget consultative meetings per ward. The aim of these consultative meetings was to allow for broader community participation. This was important to ensure that development efforts address real needs of the community. Our municipality is inclusive of farm areas, townships and towns of which all of them have different needs. To capture these needs it became vital to split the meetings to become wards specifics. Of which this has allowed us to identify priority issues which are more relevant to an area than broadening the scope.

For this process to be successful the municipality educated the councillors about the IDP and the aim of these meeting. This assisted as the councillors were to chair the IDP/Budget ward consultative meetings so as to get the priority issues from the community. Officials also assisted in the process by loud hailing, attending meetings and providing clarity to the community as to the procedures of the IDP document.

Draft IDP and Budget Ward Consultative Meetings

DATES	WARD	VENUE	TIME
27 April 2014	1	Kgono Primary School	14:00pm
27 April 2014	2	Kgono Primary School	14:00pm
28 April 2014	3	Gaoshupi Makodi Primary School	14:00pm
28 April 2014	4	Gaoshupi Makodi Primary School	14:00am
24 April 2014	5	Bonita Park Community Hall	17:00pm

13 May 2013	8	Proefplaas Community Hall	17:00pm
17 April 2013	6	Hartswater Community Hall	17:00pm
9 May 2013	7+8+9	Valspan Community Hall	17:00pm
22 April 2013	8	Ganspan Community Hall	17:00pm
12 May 2013	9	Tadcaster (Farm areas)	10:00am
23 April 2013	6	Andalusia Primary	17:00pm
24 April 2013	8	Proofplus	17:00pm

Ward 1 and 2 meeting was held at Kgono Primary School and 49 community members attended.

Community Members of Ward 1 that were present at the meeting raised the following concerns.	
1. Need for a clinic to be built in ward 1 (Sakhile)	2. Indigent registration was the main concern of the community
3. Title deed registrations	4. Housing project is needed for old Pampiesrtad Shanty section
5.	6.

Ward 2 meeting was cancelled as a result of the ward Councillor canceling the meetings on 2 occasions and time was a challenge, hence no comments or public participation occurred in this ward.

Ward 3&4 was a cluster meeting which was held at Gaoshupi Primary School and 61 community members attended.

Community Members of Ward 3&4 that were present at the meeting raised the following concerns.
Indigent registration was the main concern of the community

Ward 4 (Farm areas) meeting was held at Motswedithuto Primary School and house call (door to door) meetings were held due to inability of the community from the farms areas to come to the venue. At these meetings 36 community members attended.

Community Members of Ward 4 that were present at the meeting raised the following concerns.	
1. Land should be a priority for farm workers	2. Community would like more information on how they can benefit in agriculture (skills transfer)
3. Dissatisfaction with employee's treatment by farmers	

Ward 5 meeting was held at Bonita Park Community Hall and 120 community members attended.

Community Members of Ward 5 that were present at the meeting raised the following concerns.

1. Job creation	2. For Ward 5 to be considered during Repair and Maintenance work or any work
3. Batho Pele principals should be enforced	4. Lights be fixed at stadium and Netball poles at Bonita Park stadium
5. Donkerhoek need water, electricity, sanitation and houses (formalization of settlement)	6.

Ward 6 meeting in Hartswater was held at the Hartswater community hall and 9 community members attended.

Community Members of Ward 6 that were present at the meeting raised the following concerns.

1. Increase Repairs and Maintenance	2. Inconsistencies in the evaluation roll (property values) and why the evaluation process was taking place
3. Need for the appointment of Hartswater/Pampierstad Unit Manager	

Ward 6 Jan Kempdorp meeting was held at Andalusia Primary School and ... community members attended.

Community Members of Ward 6 that were present at the meeting raised the following concerns.

1. Repairs and Maintenance on street lights	2. Upgrade Jan kempdorp landfill site
3. Devil's fork fencing between the cemetery and landfill site	4. Water and sanitation should be priority 1 on the priority list

Ward 7, 8&9 meeting was held at Valspan Community Hall and 53 community members attended.

Community Members of Ward 7, 8&9 that were present at the meeting raised the following concerns.

Need for sites for business

Ward 8 meeting was held at Ganspan Community Hall and 56 community members attended.

Community Members of Ward 5 that were present at the meeting raised the following concerns.

1. Houses are a need in Ganspan	2. Need for street lights or highmast light and tarred road in B-Block
---------------------------------	--

3.Housing sites should be separated from business sites.	4.Speed humps to be placed on the main road in front of the school
5.Renovation of the swimming pool needed	

Ward 8 Proofplaas meeting was canceled due to no attendance.

Ward 9 Tadcaster meeting was held using the door to door principal as the farm community could not get to a centralized venue. 30 community members provided their inputs.

Community Members of Ward 9 that were present at the meeting raised the following concerns.	
1.Land for housing development	2.Electricity needed
Mobile clinic on a regular basis	Labour matters: there is need for urgent intervention by Department of Labour.

4. MTREF-Medium Term Revenue and Expenditure Framework outlook

Municipalities are required to prepare 3 year operational and capital budget referred to as the MTREF. Government Grant and subsidies are therefore also published for a three year period to provide municipalities with the necessary information for proper medium term planning.

The following is a short summary of what can be expected for the two outer financial years 2015/2016 and 2016/2017:

Operating Expenditure	2015/2016	2016/2017
	Amount	Amount
Employee Remuneration	51,288,670	54,473,976
Councillor Allowances	4,884,249	5,147,999
Salaries and Wages as % of total Operating Budget :	6.4%	6.4%
Bulk Purchases - Water	20,728,028	21,847,341
Bulk Purchases - Electricity	50,209,690	54,256,591
Provision Bad Debt	32,084,197	33,816,744
Depreciation	7,686,934	8,102,028
Repairs and Maintenance	7,346,702	7,750,771
Finance Charges	-	-
Provincial Grants	987,000	987,000
Grants Operating	3,017,000	3,218,000
Provision Free Basic Services	13,910,866	14,675,963
Other Expenditure	25,486,459	26,809,721
Contracted Services	13,896,318	14,660,616
	231,526,114	245,746,750

Operating Revenue	2015/2016	2016/2017
	Amount	Amount
Property Rates	-20,722,375	-21,862,106
Water Consumption	-30,135,839	-31,793,310
Electricity Consumption	-67,233,663	-70,927,881
Refuse Removal	-8,190,323	-8,640,791
Sewerage - Service Charges	-12,308,378	-12,985,339
Interest on Arrears	-10,014,924	-10,565,745
Traffic Fines	-141,150	-148,913
Equitable Share	-77,271,000	-78,258,000
Other Grants and Subsidies	-4,004,000	-4,205,000
Other Income	-7,042,520	-7,429,858
	-237,064,173	-246,816,943

Capital Expenditure	2015/2016		2016/2017
	Project Amount	Funding Source	Project Amount
Bulk water supply including Sakhile: 1450 stands(1089)-phase 1	6,225,730	MIG/INTERNAL	
Bulk water supply including Sakhile: 1450 stands-phase 2	10,947,247	MIG	
Installation of water connections for 63 Stands in Magogong	945,000	COGHSTA	
Pampierstad erf 6953 pampierstad Unit 2, 29 water connections	1,265,154	COGHSTA	
Thagadiapelajang - Bleekom	3,446,454	INTERNAL	
Upgrading of the jan kempdorp water treatment plant	11,500,000	MIG	
Installation of internal water connections for 72 stands at old plaskap in Hartswater	1,080,000	FBDM/COGHSTA	
Upgrading of the water treatment plant Hartswater	11,500,000	MIG	11,500,000
Upgrading of the water treatment plant Jan kempdorp	11,500,000	MIG	11,500,000
Refurbishment of internal water reticulation AC pipes - Valspan & Andalusia Park	10,000,000	DWA	10,000,000
Installation of Sewer Pumpstation at Hospital View and Conroy Street	500,000	INTERNAL	
Installation of Sewer Connection (Septic Tanks) for 63 stands in Magogong	1,500,000	COGHSTA	
Upgrading of internal sanitation in Ganspan and related Bulk services	21,000,000	COGHSTA/MIG	
Plakkerskamp installation of sewer connections for 72 sites Hartswater	2,000,000	COGHSTA	
Jan kempdorp 28 sites sewer connection	644,000	INTERNAL	
Pampierstad erf 609 15 sites sewer connections	345,000	INTERNAL	
Pampierstad erf 6953 unit 2 (29) sewer connection	667,000	INTERNAL	
Jan kempdorp waste water treatment plan(replacing of interlinking pipes)	1,200,000	FBDM	
Pampierstad industrial 21 sites sewer connections	483,000	mig	
Hartswater-Construction of Roads and Stormwater - Phase 1	7,119,215	PUBLIC WORKS	
Kingston construction of roads and stormwater - Phase 1	5,000,000	MIG	4,847,385
Pampierstad: Stormwater Channel Phase 3	2,500,540	MIG	
Upgrading of street and stormwater in Valspan LIC project Phase - 1	5,000,000	MIG	10,000,000
Hartswater and Pampierstad stormwater channel LIC - project Phase (1, 2 & 3)	8,201,839.67	PUBLIC WORKS	

ELECTRIFICATION OF NKANDLA TWO FOR 1500 STANDS		18,000,000	DOE	
ELECTRIFICATION OF GULDENTSKAT TOWNSHIP FOR 608 STANDS		7,296,000	DOE	
Master Plan roads infrastructure and roads maintenance plan		500,000	FBDM	
Development of water loss management strategy		500,000	INTERNAL	
Bulk infrastructure master plan: Water and Waste Water		500,000	INTERNAL	
Nissan NP 200 bakkie			INTERNAL	178,365
Nissan NP 200 bakkie canopy			INTERNAL	15,950
Water meters @R700			INTERNAL	131,670
Pre paid meter @R 1500.00			INTERNAL	544,500
Purchase of Pothole repair truck			INTERNAL	1,400,000
Purchase of new sewerage truck			INTERNAL	1,600,000
Pampierstad fencing - graveyard			INTERNAL	800,000
Replacement of old pipe (koran single)			INTERNAL	800,000
TOTAL		151,366,179		53,317,870

5. FREE BASIC SERVICES

	2015/2016		2016/2017	
	Households	Amount	Households	Amount
➤ Water : 6 kilolitre per month:	4300	1,893,508	4450	1,997,651
➤ Sewerage : free basic sanitation per month:	4300	4,886,848	4450	5,155,625
➤ Refuse Removal : free refuse removal per month:	4300	2,689,894	4450	2,837,838
➤ Electricity : 50 kWh per month:	4300	4,440,615	4450	4,684,849
		13,910,866		14,675,963

Key Budget Policies

Council needs to reviews all budget related policies on an annual basis, and amended policies will be tabled during Council Meeting held before 31 May 2014.Policies that were reviewed are:

- Tariff Policy
- Indigent Policy
- Rates Policy
- Supply Chain Management Policy
- Asset Management Policy
- S & T Policy
- Credit control and Debt Collection Policy
- Virement Policy

Details regarding the key purpose of the specific policies, and amendments made are available in the part 2.7 dealing with **Budget Related Policies**.

6.1 Alignment Grants per Budget with DoRA Allocations

Municipalities play a critical role in furthering government's objective of providing services to all while facilitating local economic development.

The following Grants allocated to the municipality in terms of the 2014/2015 Division of Revenue Bill dated 21 February 2014 the medium term budget:

GRANT	2014/2015	2015/2016	2016/2017
Financial Management Grant	-1,600,000	-1,650,000	-1,700,000
Municipal Systems Improvement Grant	-934,000	-967,000	-1,018,000
Water Services Operating Subsidy	-300,000	-400,000	-500,000
Water Services Operating Subsidy Grant	-20,000,000	-25,000,000	-
Municipal Infrastructure Grant	-24,836,000	-24,700,000	-26,698,000
Equitable Share	-71,353,000	-77,271,000	-78,258,000
Provincial Library Grant	974,000	-987,000	-987,000
FBDM	-1,500,000	-1,000,000	-
Extended Public Works Programme Incentive Grant	-1,215,000	-	-
Integrated National Electrification Programme		-1,600,000 -328,000	-1,000,000 -173,000
Total Grant Receipts From National & Provincial	-120,764,000	-133,903,000	-110,334,000